

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 09330 191432Z

47

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

----- 038034

O 191350Z SEP 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 6589

C O N F I D E N T I A L CAIRO 9330

EXDIS

AIDAC

E.O. 11652: GDS

SUBJECT: FY 76 CONGRESSIONAL PRESENTATION

REFERENCE: (A) STATE 222198 (B) CAIRO 9142

1. WHILE WE RECOGNIZE DIFFICULTY IN MAKING DECISION RE DIKHEILA PORT ON BASIS INFORMATION NOW AVAILABLE, WE WOULD, OF COURSE, MUCH PREFER SOUND CAPITAL PROJECT OVER LARGE INCREASE IN COMMODITY IMPORT PROGRAM SUGGESTED REF. A. WE SHARE YOUR CONCERN OVER THE SPONGE IRON PROJECT AND THE POSSIBLE DEPENDENCE OF THE PROPOSED PORT CONSTRUCTION ON THAT PROJECT FOR ECONOMIC FEASIBILITY. HOWEVER, WE ARE ALSO CONCERNED OVER THE SIZE OF THE PROPOSED COMMODITY IMPORT PROGRAM SINCE A) IT WILL SET A VERY HIGH LEVEL FOR FUTURE YEARS, AND B) WE WILL UNDOUBTEDLY HAVE TO FINANCE LARGE AMOUNTS OF CONSUMABLES, INCLUDING FOOD, IN ORDER TO CARRY IT OUT.

2. ON THE OTHER HAND, GIVEN THE PHYSICAL LIMITATIONS ON THE PRESENT PORT OF ALEXANDRIA AND THE QUESTIONABLE FEASIBILITY OF A MAJOR PORT AT PORT SAID, WE ARE CONVINCED THAT JUSTIFICATION FOR CONSTRUCTION AT THE NEW DIKHEILA PORT IS PRIMARILY A MATTER OF TIMING--PHASING THE DIFFERENT COMPONENTS OF THE PORT COMPLEX. BY GETTING IN ON THE GROUND FLOOR THROUGH FINANCING OF THE FEASIBILITY STUDY/MASTER PLAN AND ILLUSTRATIVE PRESENTATION TO CONGRESS OF THE ACTUAL CONSTRUCTION FINANCING FOR PHASE I, WE WOULD EXPECT TO BE ABLE TO INFLUENCE THE PACE AND NATURE OF THE PORT DEVELOPMENT TO ASSURE FAVORABLE ECONOMIC FEASIBILITY OF

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 09330 191432Z

PROGRESSIVE CONSTRUCTION. WHILE THE SCHEDULE NOW ADVANCED BY THE

GOE IS PERHAPS IMPRACTICABLE, THERE WILL UNDOUBTEDLY BE SLIPPAGE WHICH WILL GIVE US FURTHER OPPORTUNITY TO CONSIDER AND INFLUENCE THE PACE AND SCOPE OF WORK. IN FACT, THE GOE NOW REPORTS THAT IT DOES NOT INTEND TO SIGN CONTRACTS FOR CONSTRUCTION UNTIL AFTER THE MASTER PLAN IS COMPLETED NEXT MARCH. THIS AND OTHER CLARIFYING INFORMATION ON THE PROJECT IS BEING REPORTED BY SEPTTEL.

3. TACTICALLY, AN ILLUSTRATIVE PRESENTATION OF THE DIKHEILA PROJECT WILL GIVE US MORE FLEXIBILITY THAN THE COMPOSITION PROPOSED REF. B. GIVEN THE RELATIVELY GREATER DIFFICULTY IN OBTAINING PROGRAM AID, THE GOE HAS A BUILT-IN PROPENSITY TO LOOK TO US FOR THAT TYPE OF ASSISTANCE. ACCORDINGLY, IF WE PRESENT IN A PUBLIC DOCUMENT SUCH AS THE CONGRESSIONAL PRESENTATION OUR INTENT TO CARRY OUT A COMMODITY IMPORT PROGRAM OF SOME DOLS 400 MILLION IN CY 1976, IT WILL BE FOR ALL PRACTICAL PURPOSES NEARLY IMPOSSIBLE TO SUBSTITUTE THE DIKHEILA PORT SHOULD IT PROVE FEASIBLE, OR ANY OTHER CAPITAL PROJECT. THE REVERSE IS NOT SO. SHOULD THE DIKHEILA PROJECT PROVE TO BE NOT FEASIBLE FOR FINANCING IN FY 1976, WE COULD MOVE TO COMMODITY IMPORT FINANCING WITH NO OBJECTIONS FROM THE EGYPTIANS. WE RECOGNIZE THAT EITHER SWITCH WOULD REQUIRE CONGRESSIONAL NOTIFICATION.

4. FINALLY, OUR INVOLVEMENT AS PRINCIPAL, IF NOT SOLE, DONOR FOR THE DIKHEILA PORT WOULD GIVE US POTENTIALLY SOUND, ATTRACTIVE PROJECT FUNDING IN SUCCESSIVE YEARS AS FURTHER DEVELOPMENT AND EXPANSION PROVES BENEFICIAL AND FEASIBLE. UNLESS WE MOVE AT THIS TIME IN TERMS OF AN ILLUSTRATIVE CONGRESSIONAL PRESENTATION, THAT INVOLVEMENT MAY NOT BE POSSIBLE. AS WASHINGTON AWARE, MAJOR PROJECTS SUITABLE FOR AID FUNDING ARE NOT PLENTIFUL AND, AS WE SEEK TO REDUCE COMMODITY IMPORT FINANCING IN THE FUTURE, IT WOULD BE MOST HELPFUL TO HAVE A FEW MAJOR PROJECTS (GRAIN STORAGE, DIKHEILA PORT, ETC.) IN HAND. FRANKLY, GIVEN OUR ADVANCE BUDGETING REQUIREMENTS, WE WILL CONSTANTLY BE FACED WITH THE PROBLEM OF PRESENTING PROJECTS TO CONGRESS WHOSE FEASIBILITY HAS NOT BEEN FULLY DETERMINED. IF WE WAIT UNTIL FEASIBILITY HAS BEEN ESTABLISHED, THE GOE WILL SEEK AND UNDOUBTEDLY FIND OTHER DONOR AID THAT WILL BE AVAILABLE BEFORE WE CAN MAKE DEFINITE COMMITMENTS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 09330 191432Z

5. BEST OF ALL WORLDS, IT SEEMS TO US, WOULD BE THE PRESENTATION OF THE DIKHEILA PROJECT, SUBJECT TO WHATEVER CAVEATS REGARDING FEASIBILITY THAT ARE APPROPRIATE, AS WELL AS PRESENTATION OF SUBSTITUTE ACTIVITIES AS A FALL-BACK POSITION. IF THIS IS POSSIBLE, WE WOULD INCLUDE ROUND FIGURE OF DOLS 100 MILLION FOR DIKHEILA IN LIST PRESENTED REF A AND SUBTRACT OUT AS SUBSTITUTE ACTIVITIES THE FOLLOWING: DOLS 50 MILLION IN COMMODITY IMPORT FINANCING; DOLS 15 MILLION IN AGRICULTURAL SECTOR EQUIPMENT; DOLS 15

MILLION IN CARGO HANDLING EQUIPMENT FOR PORT SAID (NOTE CHANGE FROM ALEXANDRIA PORT); DOLS 20 MILLION FOR THE GAS TURBINE GENERATORS.

IF THE DIKHEILA PROJECT PROVES FINANCEABLE IN FY 1976, WE COULD PROBABLY COVER BOTH THE AGRICULTURAL SECTOR AND PORT HANDLING EQUIPMENT UNDER THE COMMODITY IMPORT PROGRAM.

6. IF ABOVE NOT POSSIBLE, WE CONCUR WITH LIST PRESENTED REF.A WITH THREE MINOR CHANGES. FIRST, AS NOTED ABOVE, WE WOULD PREFER FINANCE HANDLING EQUIPMENT FOR PORT SAID RATHER THAN ALEXANDRIA IN VIEW IBRD'S PROPOSED PROGRAM FOR LATTER. SECONDLY, WE WOULD BROADEN SCOPE OF WATER AND SEWAGE PROGRAM BEYOND SUEZ AREA TO COVER POSSIBLE ACTIVITIES ELSEWHERE, INCLUDING SUPPORT FOR RURAL HEALTH PROJECT. THIRDLY, WE WOULD SUBSTITUTE ELECTRICAL TRANSMISSION EQUIPMENT IN THE SUEZ AREA FOR THE CARGO HANDLING EQUIPMENT LISTED FOR THE INTERIM QUARTER.

7. WE HAVE NOT HAD OPPORTUNITY TO DISCUSS PROGRAM COMPOSITION WITH MINISTER FOR ECONOMY AND ECONOMIC COOPERATION, BUT WILL NEED TO DO SO BEFORE PRESENTATION IS MADE PUBLIC.
EILTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, US CONGRESSIONAL PRESENTATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CAIRO09330
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750325-0763
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750932/aaaabchww.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 222198, 75 CAIRO 9142
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUL 2003 by ShawDG>; APPROVED <21 NOV 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY 76 CONGRESSIONAL PRESENTATION
TAGS: EAID, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006